

## SECRET

## PROJECT APPROVAL NOTIFICATION

PROJECT	APPROVAL		CA	PROPRIETARY							
			FI/CI	SUBSIDY							
				DIRECT							
ACTION			AREA								
	NEW PROJECT		DIVISION								
	AMENDMENT		BRANCH	55/2							
X	RENEWAL		DESK	Baltic							
	TERMINATION		CASE OFFICER	EXTENSION							
	EXTENSION		C	895							
	OTHER										
AUTHORIZATION											
APPROVING AUTHORITY	DDP/PG		TOTAL AMOUNT APPROVED	FY	AMOUNT						
			\$ 31,970	196	\$ 31,970						
PERIOD OF APPROVAL	1 July 1961			196							
FROM	TO										
			FINANCIAL CODE SYMBOL	20344000-5302							
CONDITIONS OF APPROVAL											
<p>DECLASSIFIED AND RELEASED BY CENTRAL INTELLIGENCE AGENCY SOURCES/METHODS/EXEMPTION 3820 NAZI WAR CRIMES DISCLOSURE ACT DATE 2007</p>											
SIGNATURE				DATE	SEP 1981						
DDP/PG											
DISTRIBUTION											
1	FINANCE DIVISION	1	SSA-DD/S	1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	1	DDP/PG

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15172

MEMORANDUM FOR: Chief of Operations, DD/P  
SUBJECT : Project AEBALCONY (Renewal)  
SR - Headquarters

1. The attached project, originating in SR Division, is presented for renewal for the period 1 July 1961 through 30 June 1962. This project provides for conducting legal traveler operations into Soviet Estonia, Latvia, and Lithuania in furtherance of CIA objectives. Project activities include collection of positive intelligence, support of internal assets, assessment of vulnerable Balts, conducting subtle CA activities, and the collection of operational data.

2. Authority is requested to obligate \$31,970 from the DD/P-SR Division budget in fiscal year 1962, subject to the availability of funds. This estimate includes \$22,900 to fund ten agent trips to the USSR and return, at \$2,290 each; \$3,500 for case officer travel; \$2,230 for agent travel and per diem in Washington; \$750 for operational entertainment; \$1,000 for operational housing; and \$1,500 for the cost of maintaining a domestic spotting apparatus.

3. The attached request for renewal discusses project activities in the previous period and plans for the coming year. The Division notes that the first two operations were not very productive from a positive production viewpoint, but were useful in providing some operational information. The third agent dispatched in the past period may have provided some significant operational data resulting from his contact with a high-level Soviet. The Division notes that U.S. - USSR relations since last year have had a negative effect on operations. It further points out that the Soviets refuse to grant visas to Balts who left their homeland after 1939. In the current operational season, the Division has run five operations, with four others awaiting visas, and prospects of one or two in the spring of 1962.

4. Appropriate Special Staff elements recommend renewal of this project. FI Staff, in its attached memorandum, calls

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attention to a number of factors: the project production of only two or three reports of marginal value; worsening U.S. - USSR relations leading to closer security screening of U.S. born or naturalized citizens of Baltic background traveling to the USSR; and the unlikelihood of the present DCI restriction on the operational use of U.S. citizens traveling to the USSR being lifted. In view of the above factor, FI Staff recommends that the Division place greater emphasis on the use of third country nationals--preferably not residing in the United States. Priority requirements for this area dictate that a renewed effort be made by all field stations possessing a capability to mount legal travel operations into this area. FI/OPS is ready to explore with the Division new ways of achieving this objective, including a possible special inter-divisional seminar. CCG recommends that the Division confer with it on the cover aspects of each mounted operation.

5. I recommend renewal of Project AEBALCONY as presented and invite the Division's attention to the Staff comments above and in the attached memorandum. Each agent case will continue to be processed in accordance with the provisions of CSN 10-27.

Chief, DDP/PG

Approved:

*C*

22 SEP 1961

COP-DD/PG

Date

Attachments:

Project Outline AEBALCONY  
FI Memoranda

Staff Coordination:

For FI Staff	-s/	<input type="checkbox"/>	<input type="checkbox"/>
For CI Staff	-s/	<input type="checkbox"/>	<input type="checkbox"/>
For CCG	-s/	<input type="checkbox"/>	<input type="checkbox"/>
For FI/INT	-s/	<input type="checkbox"/>	<input type="checkbox"/>

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MEMORANDUM FOR: Chief of Operations, DD/P  
THROUGH : DDP/PG  
SUBJECT : Project AEBALCONY

The FI Staff recommends approval of the AEBALCONY project renewal request, but calls attention to the following factors:

The past year's intelligence production from this project consisted of only two or three reports of marginal value. The worsening U.S. relationship with the U.S.S.R. can be expected to lead to an even closer security scrutiny of U.S. born or naturalized citizens of Baltic background travelling to the U.S.S.R. Present DCI restrictions upon the operational use of U.S. citizen travels to the U.S.S.R. are not likely to be lifted under current conditions.

In view of the foregoing and in line with discussions held with FI/OPS with the responsible desk on this subject, the FI Staff recommends SR Division place greater emphasis in the future upon the use of third-nationals--preferably not residing in the U.S.--to satisfy the requirements of this project. Priority missile OB and other PI requirements for this vital Baltic area dictates that a renewed effort be made by all field stations possessing a capability to mount legal traveler operations into this area. FI/OPS is ready to explore with SR Division new ways and means of achieving this objective including a possible special inter-divisional seminar to take up this problem.

*This is DOMESTIC AND NEED BALTIC WITH LANGUAGE NOT THIRD-NATS WHO HAVE NO INTEREST IN OR KNOWLEDGE OF BALTIC STATES.*

0 Chief  
Foreign Intelligence

Attachment:  
Project

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1 September 1961

Project AEBALCONY SR/Baltic Area

Legal Travel Operation

1. Operations under this project in 1960 provided only two or three marginal reports.
2. FI/INT is unable to RECOMMEND RENEWAL on this basis.

*[Handwritten initials: L, J, and a signature]*  
Chief, FI/INT/RE

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(When Filled In)

PROJECT CRYPTONYM

AERBALCONY

PROJECT ACTION					
	TYPE OF ACTION		<input checked="" type="checkbox"/> F1/CI		CA
	NEW PROJECT APPROVAL	DIVISION SR			
	AMENDMENT NO.	FIELD STATION			
	<input checked="" type="checkbox"/> RENEWAL FY 1962	BRANCH SR/2	DESK	Baltic	
	EXTENSION	CASE OFFICER L	J		
TERMINATION	ROOM NO. 2611	BUILDING J	EXTENSION 8545		

CONCURRENCES OF DIVISION

ORGANIZATIONAL ELEMENT	TYPED NAME (And signature)	DATE	MEMORANDUM ATTACHED		
			COPY NO.	YES	NO
CSR/2	L	15 Aug 61			
SR/BF	L	16 Aug 61			
SR/SS	L	8/17/61			
XXX/SR/DCOP	L	8/22/61			
EC/SR	L	24/8/61			
G/SR	L				

CONCURRENCES OF OTHER COMPONENTS


APPROVAL

	PERIOD		TOTAL AMOUNT	FY	AMOUNT	
	FROM	TO				
1 July 1961	30 June 1962	\$ 31,970.00	1962	\$ 31,970		
			196	\$		

APPROVING AUTHORITY

SIGNATURE

DATE

DDP/PG

## AEBALCONY PROJECT RENEWAL

### Current Objectives

1. The objectives of this renewal remain as stated in the original project: to conduct mounted and in specifically selected cases piggy-back legal traveler operations into Soviet Estonia, Latvia and Lithuania in furtherance of the CIA intelligence mission. Basically this can be divided into the following categories: PI collection, support of internal assets, assessment and re-assessment of vulnerable Balts, conducting subtle covert action activities and collection of operational intelligence.

### Changes

2. No changes.

### Intelligence Production

3. During the past project year only three operations were run under this project:

- a. Two of these operations occurred in the calendar year of 1960 and neither of the two was particularly productive from the PI point of view since only two or three reports of marginal value were disseminated. One of these operations, however, involved an American born Jesuit priest of Lithuanian background who penetrated to some extent the religious life in Vilnius, the capital of Lithuania. The information which he has brought back has been of some value in guiding the handling of a [redacted] operation against two Soviet Lithuanian priests who are studying at the Gregorium. The other operation, also involving an American born Lithuanian, [redacted] gave us an insight into the security measures surrounding Plant Number 555 in Vilnius. Other Lithuanian agents targeted against this plant during the present season have been guided by this information.
- b. The third operation in the last project year involved a naturalized American of Latvian background who was dispatched in May 1961 and returned in June 1961. The PI information which he has brought out has not as yet been disseminated. Preliminary assessment, however, would seem to indicate that this information may be of some value. The other information which this agent has carried out, can be considered of tremendous potential value since one fairly high level Soviet--although not formally recruited--has cooperated to the extent of

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giving our agent certain documentary information which if known by the Soviet authorities would mean immediate arrest and long term imprisonment of this particular individual for espionage activities. These materials in all probability are of marginal PI value but if properly played may assume highly important proportions in the CA field. Additionally this particular agent assessed five of his internal contacts as potentially vulnerable and certainly worthwhile of recontacting.

Effectiveness

4. Based on the above, and five other operations which were run in the present season but the production of which has not yet been evaluated, it is too early to judge the effectiveness of the collection and CA activities. From the OI point of view these operations can be considered as effective. From the operational support point of view we have been able through these operations to locate some fairly good dead drop sites for support of internal operations but because of the operational climate, no mission has been mounted having the objective of loading a drop for an internal asset. We feel, however, that during the present project year of activity, specifically next spring, if the international tensions decrease, we will mount operations aimed at re-supplying internal assets.

Problems

5. As touched upon in the original project, the U-2 incident and the breakdown of the Paris Conference last year impinged negatively on our operations last season. Because of the resulting international tensions there was a reluctance in the Agency to mount operations involving American citizens; and secondly--again as a result of these incidents--the Soviets refused to grant visas to naturalized Balts if these left their homelands after 1939 (which is the case with the great majority of Baltic emigres possibly with the exception of the Lithuanians). Because of these factors we were not able to launch the expected ten legal travelers whom we had recruited, assessed and in many cases partially trained. This season we have run five operations and four additional ones are awaiting Soviet visas. It is anticipated that next spring, still under the present project authority, we will be able to mount at least one or two other REDSKINNERS.

Liaison

6. No liaison relationships.

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Interagency Coordination

7. There is no interagency coordination unless one of the prospective agents happens to be an employee of some Government agency at which time appropriate liaison and coordination on that specific case are undertaken through the appropriate CIA channel.

Plans

8. The plan is to mount a minimum of ten operations under the present authority with a view to furthering the CIA mission as stated above under the heading of Objectives.

Costs

9. For the past period: \$20,365.58

Seventy percent of the Case Officer time in this Section is given to this project.

10. For the ensuing period:

For the period 1 July 1961 to 30 June 1962 authority is requested to obligate \$31,970.00.

Agent travel, United States to Soviet Union and return to United States:

\$1,500.00 for each agent	
Ten agents	\$15,000.00

Agent subsistence in Soviet Union:

\$490.00 for each agent (The present Inturist rate of \$35 per day, for 14 days. Cost for each agent, \$35 per day for 14 days.)	
Ten agents	4,900.00

Incidental travel while in Soviet Union:

\$300.00 for each agent	
Ten agents	3,000.00

Travel by Case Officers:

Two trips per agent for assessment and firming up recruitment; approximately \$175 per trip or \$350 per agent	
Ten agents	3,500.00

Agent travel to Washington for training:	
\$100.00 for each agent	
Ten agents	\$ 1,000.00
Agent per diem in Washington for training:	
\$84 for each agent (7 days at	
\$12 per day)	
Ten agents	840.00
Agent per diem in Washington for debriefing	
subsequent to return from target area:	
\$48 for each agent (4 days at	
\$12 per day)	
Ten agents	480.00
Operational Entertainment	750.00
Operational Housing	1,000.00
Approximate expenses in support of domestic	
spotting apparatus	1,500.00
<hr/>	
Total	\$31,970.00